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FOR IMMEDIATE RELEASE
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FPPC Announces Record Settlement in \$11 Million Arizona Contribution Case

Sacramento – The FPPC and California Attorney General today announced a record civil settlement against the Center to Protect Patient Rights (CPPR) and Americans for Responsible Leadership (ARL), two nonprofits operated as part of the “Koch Brothers Network” of dark money political nonprofit corporations. The settlement requires CPPR and ARL to pay \$1 million to the State General Fund for their failure to disclose two dark money independent expenditure contributions in the 2012 election to oppose Proposition 30 and support Proposition 32.

“This case highlights the nationwide scourge of dark money nonprofit networks hiding the identities of their contributors,” said FPPC Chair Ann Ravel. “That FPPC is aggressively litigating to get disclosure and working on laws and regulations to put a stop to these practices in California.”

The case was initiated after the FPPC and Attorney General filed suit against ARL prior to the November 2012 election to provide records to ensure the source of an \$11 million contribution from ARL, an Arizona non-profit with no history of political activity in California, was properly disclosed to California voters. The day before the election, ARL disclosed that Americans for Job Security (AJS) and CPPR were the source and intermediary, respectively, of the \$11 million contribution to the Small Business Action Committee (SBAC), a California independent expenditure committee.

This resulted in a joint investigation by the FPPC and the Attorney General's office that revealed that CPPR, the key nonprofit in the Koch Brothers' dark money network of nonprofit corporations, was actually the source of two major contributions that were not properly reported. The first was a \$4.08 million contribution to the California Future Fund (CFF), made through the American Future Fund (AFF) as an intermediary on September 11, 2012. The second was the \$11 million contribution made to SBAC through ARL as an intermediary on October 15, 2012.

California law also requires disgorgement of both the \$11 million contribution to SBAC and its Principal Officer, Joel Fox, and the \$4.08 million contribution to CFF and its Principal Officer, Barbara Smeltzer. A letter was sent by the FPPC today notifying both parties that this disgorgement is required.

Funds were initially raised by AJS in conjunction with its political consultant, Tony Russo, to purchase issue advertisements related to Propositions 30 and 32. Under current law, contributions made for issue ads, those that do not expressly advertise for or against a ballot measure, are not disclosable to the public. Additionally, AJS' transfer of funds to CPPR were not subject to disclosure, as the contribution were not earmarked for any specific purpose, as is required for disclosure under current law. As a result, ARL's disclosure of AJS as the source of the contribution prior to the election was erroneous.

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